

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA**

Annual Financial Statements

December 31, 2016



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Independent Auditor's Report

To the Chief Judge and Judges
of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court (the Court), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court as of December 31, 2016, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 5 and the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The schedules of compensation, benefits, and other payments to agency heads, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of compensation, benefits, and other payments to agency heads are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation, benefits, and other payments to agency heads are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the Fortieth Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
June 27, 2017

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

This discussion and analysis of the Fortieth Judicial District Court's (the Court) financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2016. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (government-wide financial statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The balance sheet and statement of revenues, expenditures, and changes in fund balances - governmental funds (fund financial statements) tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Our auditor has provided assurance in their independent auditor's report that the basic financial statements are fairly stated.

Government-Wide Financial Statements (GWFS)

One of the most important questions asked about the Court's finances is, "Is the Court as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in it. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether the Court's financial health is improving or deteriorating.

Fund Financial Statements (FFS)

The fund financial statements provide detailed information about the most significant funds - not as a whole. Some funds are required to be established by state laws. The Fortieth Judicial District Court uses the governmental type fund. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements, or in a separate schedule.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

The Court also uses the fiduciary type fund to account for its administration of a Cy Pres account. The fiduciary activities are reported in the statement of fiduciary net position. These funds are not available to the Court to finance its operations and, therefore, are not included in the GWFS. The Court is responsible for ensuring that the assets reported by this fund are distributed to charitable causes.

Financial Highlights

The Court's financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, assets exceeded liabilities by \$698,638 (net position).
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$5,589, including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Unrestricted net position of \$369,060, representing the portion available to maintain the continuing obligations to citizens and creditors.
 - (3) Restricted net position of \$323,989, representing the restricted resources for the Adult Drug Court, Families in Need of Services (FINS), and Juvenile Probation Funds (JPF).
- Total spending for all judicial activities was \$491,393, for the year, which was \$10,865 more than the program revenues of \$480,528 for these activities.
- The governmental funds reported total ending fund balance of \$693,049, of which \$323,989 was restricted and \$369,060 was considered unassigned. This compares to the prior year ending fund balance of \$668,034, showing an increase of \$25,015 during the current year.

Financial Analysis as a Whole

The statement of net position and the statement of activities report on only one type of activity - governmental activities. Most of the basic program and support services are reported as this type. Operating grants and contributions and criminal and civil fees finance most of these activities.

Our analysis below focuses on the net position of the governmental-type activities:

Condensed Statements of Net Position

	2016	2015	Dollar Change	Total Percent Change
Current and Other Assets	\$ 729,790	\$ 702,934	\$ 26,856	3.82%
Capital Assets	5,589	8,612	(3,023)	-35.10%
Total Assets	735,379	711,546	23,833	3.35%
Current Liabilities	36,741	34,900	1,841	5.28%
Total Liabilities	36,741	34,900	1,841	5.28%
Net Investment in Capital Assets	5,589	8,612	(3,023)	-35.10%
Restricted	323,989	306,789	17,200	5.61%
Unrestricted	369,060	361,245	7,815	2.16%
Total Net Position	\$ 698,638	\$ 676,646	\$ 21,992	3.25%

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

Net position increased by \$21,992 as a result of this year's operations, which indicates that the overall financial position improved during the year. The balance in net position represents the accumulated results of all past years' operations.

Condensed Statements of Activities

	2016	2015	Dollar Change	Total Percent Change
Program Revenues				
Operating Grants and Contributions	\$ 363,777	\$ 370,971	\$ (7,194)	-1.94%
Charges for Services - Court Revenues	116,751	135,759	(19,008)	-14.00%
Total Program Revenues	480,528	506,730	(26,202)	-5.17%
Program Expenses				
Current	488,370	520,135	(31,765)	-6.11%
Depreciation - Unallocated	3,023	4,218	(1,195)	-28.33%
Total Program Expenses	491,393	524,353	(32,960)	-6.29%
Net Program (Loss) Income	(10,865)	(17,623)	6,758	38.35%
General Revenues	32,857	28,152	4,705	16.71%
Change in Net Position	21,992	10,529	11,463	108.87%
Net Position				
Beginning of the Year	676,646	666,117	10,529	1.58%
End of the Year	\$ 698,638	\$ 676,646	\$ 21,992	3.25%

Total revenues for the year in governmental activities were \$513,385 (\$480,528 in program revenues and \$32,857 in general revenues). The total cost of all judicial programs and services was \$491,393, with no new programs added this year.

Judges

Division A	Honorable Madeline Jasmine
Division B	Honorable Mary Hotard Becnel
Division C	Honorable J. Sterling Snowdy

Financial Analysis of Individual Funds

The Fortieth Judicial District Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps one consider whether the Court is being accountable for the resources provided to it, but may also provide more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$693,049. This reflects an increase of \$25,015. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

Some of the Changes in Major Funds

Most of the General Fund's revenue (\$116,751, or 85%) was from fees generated from criminal and civil cases. Other significant revenue of \$20,584, or 15%, was from Supreme Court reimbursements. The major expenditures in the General Fund were for library expenses (\$53,177), professional fees (\$17,934), and office supplies (\$17,180). The General Fund's fund balance of \$361,245, available at the beginning of the year, increased by \$7,815, to end the year with an unassigned fund balance of \$369,060.

Another major fund is the Adult Drug Court Fund. Almost all of the revenue (\$315,237, or 97%) was in the form of grants from the State of Louisiana, St. John the Baptist Parish, and the federal government. The major expenditures in the Adult Drug Court Fund were for administrative services (\$179,299), treatment services (\$37,597), drug testing and laboratory expenses (\$28,281), building rent (\$17,982), and payroll taxes (\$14,351). The beginning fund balance of \$284,746 increased by \$21,312 to end the year with a fund balance of \$306,058.

The final major fund is the Families in Need of Services (FINS) Fund. Most of the revenue (\$48,540, or 99%) was in the form of grants from the State of Louisiana. The major expenditures in the FINS Fund were for salary reimbursements (\$47,907), utilities (\$1,382), and travel expenses (\$1,191). The beginning fund balance of \$18,214 decreased by \$3,478 to end the year with a fund balance of \$14,736.

Capital Assets

The net investment in capital assets for governmental activities as of December 31, 2016 and 2015, was \$5,589 and \$8,612, respectively, as shown on the following table:

Furniture and Equipment	2016	2015
Division A	\$ 75,132	\$ 75,132
Division B	58,433	58,433
Division C	58,650	58,650
Adult Drug Court	26,179	26,179
Families in Need of Services	2,658	2,658
Juvenile Probation	4,363	4,363
Total Cost	225,415	225,415
Less: Accumulated Depreciation	219,826	216,803
Net Capital Assets	\$ 5,589	\$ 8,612
Depreciation Expense	\$ 3,023	\$ 4,214

This year, there was depreciation of \$3,023, reflecting the net decrease in capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

Budgets

The original budget for all funds was amended once during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

Economic Factors and Next Year's Budgets and Rates

The management of the Fortieth Judicial District Court has approved the 2017 budget. There are no major changes expected to the budget compared to this year's budget. Expenditures are expected to remain approximately the same since there are no changes in staffing levels or major purchases anticipated.

Contacting Financial Management

This financial report is designed to provide a general overview of the Fortieth Judicial District Court's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge Sterling Snowdy
P.O. Box 308
Edgard, LA 70049
Phone Number: 985-497-5580

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Net Position
December 31, 2016**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 368,732
Receivables	37,987
Investment in Certificates of Deposit	323,071
Capital Assets (Net of Accumulated Depreciation)	<u>5,589</u>
Total Assets	<u><u>735,379</u></u>
Liabilities	
Accounts Payable	28,026
Accrued Expenses	<u>8,715</u>
Total Liabilities	<u><u>36,741</u></u>
Net Position	
Net Investment in Capital Assets	5,589
Restricted	323,989
Unrestricted	<u>369,060</u>
Total Net Position	<u><u>\$ 698,638</u></u>

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Activities
For the Year Ended December 31, 2016**

	Governmental Activities
Program Expenses	
Public Safety - Court System	
Salaries and Related Benefits	\$ 256,273
Contractual Services	122,670
Materials and Supplies	92,270
Lodging and Registration Fees	15,702
Depreciation	3,023
Miscellaneous Expense	1,455
	<hr/>
Total Program Expenses	491,393
	<hr/>
Program Revenues	
Operating Grants and Contributions	363,777
Charges for Services - Court Revenues	116,751
	<hr/>
Total Program Revenues	480,528
	<hr/>
Net Program Loss	(10,865)
	<hr/>
General Revenues	
Supreme Court Reimbursements	20,584
Judicial Probation Fees	12,179
Interest Income	94
	<hr/>
Total General Revenues	32,857
	<hr/>
Increase in Net Position	21,992
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Net Position, Beginning of Year	676,646
	<hr/>
Net Position, End of Year	\$ 698,638
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The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Balance Sheet
Governmental Funds
December 31, 2016**

	General Fund	Special Revenue Funds			Total Governmental Funds
	Judicial Expense Fund	Adult Drug Court Fund	FINS Fund	Non-Major Funds	
Assets					
Cash and Cash Equivalents	\$ 51,744	\$ 298,752	\$ 15,141	\$ 3,095	\$ 368,732
Receivables	13,345	20,347	4,045	250	37,987
Due from Other Funds	150	-	-	-	150
Investments in Certificates of Deposit	323,071	-	-	-	323,071
Total Assets	\$ 388,310	\$ 319,099	\$ 19,186	\$ 3,345	\$ 729,940
Liabilities					
Accounts Payable	\$ 19,250	\$ 4,326	\$ 4,300	\$ 150	\$ 28,026
Accrued Expenses	-	8,715	-	-	8,715
Due to Other Funds	-	-	150	-	150
Total Liabilities	19,250	13,041	4,450	150	36,891
Fund Balances					
Restricted	-	306,058	14,736	3,195	323,989
Unassigned	369,060	-	-	-	369,060
Total Fund Balances	369,060	306,058	14,736	3,195	693,049
Total Liabilities and Fund Balances	\$ 388,310	\$ 319,099	\$ 19,186	\$ 3,345	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	5,589
Net Position of Governmental Activities	\$ 698,638

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016**

	General Fund	Special Revenue Funds			Total Governmental Funds
	Judicial Expense Fund	Adult Drug Court Fund	FINS Fund	Non-Major Funds	
Revenues					
Grants	\$ -	\$ 315,237	\$ 48,540	\$ -	\$ 363,777
Criminal Fees	97,587	-	-	-	97,587
Civil Fees	19,164	-	-	-	19,164
Supreme Court Reimbursements	20,584	-	-	-	20,584
Judicial Probation Fees	-	9,929	-	2,250	12,179
Interest and Miscellaneous	85	-	9	-	94
Total Revenues	137,420	325,166	48,549	2,250	513,385
Expenditures					
Current					
Administrative Service	-	179,299	-	-	179,299
Salary Reimbursement	12,466	-	47,907	-	60,373
Library	53,177	-	-	-	53,177
Treatment Services	-	37,597	-	-	37,597
Testing and Laboratory	82	28,281	-	-	28,363
Office Supplies	17,180	7,019	-	-	24,199
Professional Fees	17,934	2,250	950	450	21,584
Office Rent/Lease	-	17,982	-	-	17,982
Utilities	5,217	6,472	1,382	1,397	14,468
Payroll Taxes	-	14,351	-	-	14,351
Travel Expenses	5,970	990	1,191	492	8,643
Conferences and Dues	5,399	750	510	400	7,059
General Insurance	-	5,426	-	-	5,426
Repairs and Maintenance	1,950	3,437	-	-	5,387
Other Rent/Lease	3,973	-	-	-	3,973
Supplemental Pay	2,250	-	-	-	2,250
Jury and Court Lunches	2,111	-	-	-	2,111
Other Operating Expenses	1,223	-	87	145	1,455
Advertising and Public Relations	673	-	-	-	673
Total Expenditures	129,605	303,854	52,027	2,884	488,370
Net Change in Fund Balances	7,815	21,312	(3,478)	(634)	25,015
Fund Balances					
Beginning of Year	361,245	284,746	18,214	3,829	668,034
End of Year	\$ 369,060	\$ 306,058	\$ 14,736	\$ 3,195	\$ 693,049

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 25,015
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	<u>(3,023)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 21,992</u></u>
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The accompanying notes are an integral part of these financial statements.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2016

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 11,606
	<hr/>
Total Assets	<u>\$ 11,606</u>
Liabilities	
Due to Others	\$ 11,606
	<hr/>
Total Liabilities	<u>\$ 11,606</u>

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 1. Description

The Fortieth Judicial District Court (the Court) was created by Act No. 52 of the 1984 regular Louisiana Legislative Session as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of St. John the Baptist Parish (the Parish). The Fortieth Judicial District is comprised of three (3) independently elected judges with six-year terms.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial principles.

Reporting Entity

The Fortieth Judicial District Court judges are independently elected officials. However, the Court is fiscally dependent on the St. John the Baptist Parish Government for office space, courtrooms, and related utility costs, as well as partial funding of salaries.

The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the St. John the Baptist Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

Program Revenues - Program revenues included on the statement of activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Separate financial statements are provided for the major governmental funds.

Judicial Expense Fund (General Fund)

The Judicial Expense Fund was created by the State of Louisiana Act No. 52, House Bill No. 39 of the 1984 Regular Legislative Session. It authorized collection from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum not to exceed fifteen dollars. In all criminal cases, there shall be collected an amount not to exceed seven dollars and fifty cents from every defendant who is convicted after a trial or other plea of guilty or who forfeits his bond. These costs are to be in addition to all other fines, costs, or forfeitures imposed by law. Act 834, Section 571.11 of the 1993 Regular Legislative Session, authorizes all judgments of bond forfeitures resulting from the posting of surety bonds in criminal proceedings in the State of Louisiana shall be collected by the district attorney. The district attorney shall distribute ten percent of all funds collected to the court fund of the parish where the bond was posted. In general, the funds may be used for any purpose or purposes connected with the incidental services or related to proper administration or function of the offices of the individual judges.

Adult Drug Court Fund

This special revenue fund receives revenue in the form of grants from the State of Louisiana, St. John the Baptist Parish, and the federal government through the Temporary Assistance for Needy Families (TANF) program.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Families in Need of Services Fund

This special revenue fund receives revenue in the form of grants from the Louisiana Supreme Court through the Families in Need of Services Assistance Program. The fund uses revenue to help provide early judicial intervention to prevent delinquency and child abuse.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Court in a trustee capacity. The Court maintains an agency fund to account for a Cy Pres account. The Cy Pres Fund accounts for assets held by the Court for distribution to charitable causes.

Fund Financial Statements

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Court or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The amounts reflected in the fund financial statements are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues - Court fines and fees and interest are recorded when earned and measurable.

Expenditures - The major expenditures are recorded when the related liability is incurred.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

Under state law, the Court may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

The Court defines cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less when purchased.

Receivables

Receivables are recorded for reimbursement of expenditures under various state and federal programs and grants. All amounts are expected to be collected within the next twelve months. No allowance for uncollectible accounts has been established as all receivables are considered collectible.

Capital Assets

All capital assets of the Court are recorded at historical cost and are reported on the government-wide financial statements. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the government-wide financial statements. All capital assets, other than land, are depreciated using the straight-line method over five to seven years.

Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. *Restricted* - consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - all other net position is reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Court's policy is to apply restricted net position first.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - consists of amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - consists of all other amounts not included in other spendable classifications.

The Court considers restricted fund balances to be spent for governmental expenditures first when both restricted and unassigned resources are available.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Budget Policies

The Court has adopted an annual budget for its governmental funds (which include the Judicial Expense Fund, Adult Drug Court Fund, FINS Fund, and Juvenile Probation Fund) on a basis consistent with generally accepted accounting principles for all governmental funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Court. Budgeted amounts in the accompanying financial statements include all amendments. The Court does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Principles

Governmental Accounting Standards Board Statement No. 72 (GASB 72)

The objective of GASB Statement No. 72, *Fair Value Measurement and Application*, is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. GASB 72 has no impact on the Court's financial statements.

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be recovered. The Court does not have a deposit policy for custodial credit risk. As of December 31, 2016, Division A of the Court had a bank balance of \$71,975 exposed to custodial credit risk. As of December 31, 2016, the balance exposed to custodial credit risk was fully collateralized.

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal no less than the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 4. Receivables

The receivables at December 31, 2016, are summarized below:

Class of Receivable	Judicial Expense Fund	Adult Drug Court Fund	FINS Fund	Non-Major Funds	Total
Intergovernmental					
Grants	\$ -	\$ 20,347	\$ 4,045	\$ 250	\$ 24,642
Court Costs and Fees	13,345	-	-	-	13,345
Total	\$ 13,345	\$ 20,347	\$ 4,045	\$ 250	\$ 37,987

Management considers all of the receivables outstanding at December 31, 2016 to be fully collectible. Accordingly, no provision for uncollectible accounts has been recorded.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 5. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

Furniture and Equipment	Beginning Balance	Additions	Deletions	Ending Balance
Division A	\$ 75,132	\$ -	\$ -	\$ 75,132
Division B	58,433	-	-	58,433
Division C	58,650	-	-	58,650
Adult Drug Court	26,179	-	-	26,179
FINS	2,658	-	-	2,658
Juvenile Probation	4,363	-	-	4,363
Total Cost	225,415	-	-	225,415
Less: Accumulated Depreciation	216,803	3,023	-	219,826
Capital Assets, Net	\$ 8,612	\$ (3,023)	\$ -	\$ 5,589

Note 6. Compensated Absences

Vacation Leave

The Judges of the Court establish vacation policies for their respective employees. All other employees generally earn vacation according to the following length of employment:

One Year of Employment	-	One Week Vacation
Two Years of Employment	-	Two Weeks Vacation
Five Years of Employment	-	Three Weeks Vacation
Fifteen Years of Employment	-	Four Weeks Vacation

In general, unused vacation time cannot be carried over from one calendar year to the next, and employees are required to use vacation time in the year earned. Upon termination, unused vacation time is paid to all employees in good standing with the Court.

Sick Leave

Employees are allocated up to eighteen days of sick leave each year based on length of employment and are allowed to carry-forward a balance of unused sick leave days no greater than 90 days; however, accumulated sick time is not paid upon termination.

At December 31, 2016, no liability has been recorded for compensated absences since management considers the balance to be immaterial.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 7. Risk Management

The Court is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters. To protect against these risks, the Court has purchased commercial or other insurance for the losses to which it is exposed.

Note 8. Pension Plans

The employees of the Court belong to the Parochial Employees' Retirement System of Louisiana (the Plan). The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Contributions to the Plan are made by St. John the Baptist Parish Government. The Court reimburses the Parish for amounts in excess of what it is required to pay.

Note 9. Operating Lease

The Court leases copier equipment for each division. These leases have been classified as operating leases and, as such, rental payments have been recorded as operating expenditures. The Division C copier and the office space for the Adult Drug Court in LaPlace, Louisiana are rented on a monthly basis without definitive lease terms; therefore, they are not included in the long-term lease schedule below.

Total rent expense for the year ended December 31, 2016, was \$21,955. Future minimum lease payments are as follows:

2017	\$ 2,732
2018	2,732
2019	2,732
2020	2,732
2021	<u>867</u>
Total	<u><u>\$ 11,795</u></u>

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Governmental Funds
For the Year Ended December 31, 2016**

	Budgetary Amounts		Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Grants	\$ 393,000	\$ 353,000	\$ 363,777	\$ 10,777
Criminal Fees	109,000	100,000	97,587	(2,413)
Civil Fees	22,000	18,800	19,164	364
Supreme Court Reimbursements	19,600	20,000	20,584	584
Judicial Probation Fees	10,000	10,500	12,179	1,679
Interest and Miscellaneous	2,000	300	94	(206)
Total Revenues	555,600	502,600	513,385	10,785
Expenditures				
Current				
Administrative Service	190,000	183,000	179,299	3,701
Salary Reimbursement	59,000	58,000	60,373	(2,373)
Library	55,000	48,000	53,177	(5,177)
Treatment Services	30,000	36,000	37,597	(1,597)
Testing and Laboratory	22,000	25,000	28,363	(3,363)
Office Supplies	26,000	23,500	24,199	(699)
Professional Fees	27,000	23,000	21,584	1,416
Office Rent/Lease	19,000	18,000	17,982	18
Utilities	17,000	14,000	14,468	(468)
Payroll Taxes	15,000	15,500	14,351	1,149
Travel Expenses	7,000	9,000	8,643	357
Conferences and Dues	6,000	7,000	7,059	(59)
General Insurance	6,000	6,200	5,426	774
Repairs and Maintenance	9,500	5,400	5,387	13
Other Rent/Lease	4,000	7,000	3,973	3,027
Supplemental Pay	8,000	3,000	2,250	750
Jury and Court Lunches	1,700	2,100	2,111	(11)
Other Operating Expenses	6,000	4,500	1,455	3,045
Advertising and Public Relations	1,000	500	673	(173)
Taxes and Licenses	100	100	-	100
Capital Outlay	6,000	4,000	-	4,000
Total Expenditures	515,300	492,800	488,370	4,430
Net Change in Fund Balance	\$ 40,300	\$ 9,800	25,015	\$ 15,215
Fund Balance				
Beginning of Year			668,034	
End of Year			<u>\$ 693,049</u>	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads
For the Year Ended December 31, 2016**

Agency Head
Honorable Madeline Jasmine, Judge, Division A

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$1,607
Conference Travel	\$2,574
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads (Continued)
For the Year Ended December 31, 2016**

Agency Head
Honorable Mary Hotard Becnel, Judge, Division B

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$1,767
Conference Travel	\$432
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads (Continued)
For the Year Ended December 31, 2016**

Agency Head
Honorable J. Sterling Snowdy, Judge, Division C

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$2,025
Conference Travel	\$2,964
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Chief Judge and Judges
of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court (the Court), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Fortieth Judicial District Court's basic financial statements, and have issued our report thereon dated June 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fortieth Judicial District Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fortieth Judicial District Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Fortieth Judicial District Court's Responses to Findings

The Fortieth Judicial District Court's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Court's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 27, 2017

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2016**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None
Noncompliance material to financial statements noted?	None

Federal Awards

Not Applicable

Section II. Financial Statement Findings

None.

Section III. Federal Awards Findings and Questioned Costs

Not applicable.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016**

2015-001 Questioned Costs and Supreme Court of Louisiana Findings

Condition: During our audit procedures, we were made aware of a site-monitoring visit conducted by the Supreme Court of Louisiana during the year ended December 31, 2015. This site-monitoring visit was for the purpose of analyzing expenses reimbursed to the Adult Drug Court Fund under grants administered by the Supreme Court of Louisiana. The site-monitoring visit covered expenditures made during the period July 2015 through March 2016, and reported \$2,397 of questioned costs. The report suggested that the Adult Drug Court requested reimbursement from the Supreme Court for expenditures of the incorrect grant period.

Current Status: Resolved.

2015-002 Budget Compliance

Condition: During our audit procedures, we noted that the 2015 amended budget had an unfavorable variance of 7% for expenditures. The unfavorable variance of 7% exceeds the 5% threshold in which the budget needs an additional amendment.

Current Status: Resolved.

2015-003 Pledged Securities Compliance

Condition: During our audit procedures, we noted that total bank deposits for Division A exceeded \$250,000. It was determined that there were no pledged securities collateralizing the balance exceeding the portion insured by the FDIC. The uncollateralized balance as of December 31, 2015, totaled \$31,452.

Current Status: Resolved.

2015-004 Cut-Off of Revenues and Expenditures

Condition: During our audit, we encountered various revenue and expenditure transactions processed near the end of the year that were not recorded in the proper accounting period. Reliable cut-off is critical to the accuracy and reliability of the financial statements.

Current Status: Resolved.